

Capitol Report
January 9, 2004

Joint Committee on Tax Policy Expected to Call for More Accountability For State's Tax Credit Programs

The Missouri General Assembly convened the 2004 legislative session on Wednesday, Jan. 7, and the budget will once again be at the forefront.

The budget is my top priority, not only for the short-term solutions but also because we must begin to attack long-term issues to prevent a similar fiscal crisis in the future.

I serve as the chairman of the Legislature's Joint Committee on Tax Policy and, at a meeting held Thursday, the Tax Policy Committee began reviewing its annual report and possible legislation that will be written to address the accountability concerns highlighted in the past few months. We are very close to having a tax reform bill that allows state government to meet its responsibilities while still protecting Missouri's taxpayers.

Throughout the legislative interim, the committee held public hearings and one of the most serious problems that emerged was within the state's tax credit program. In my mind, there is no question that the tax credit system is broken. Currently, the Missouri Attorney General's office is investigating allegations of fraud in St. Louis in the Rebuilding Communities tax credit program.

Missouri offers 54 tax credits in areas such as business expansion and historic preservation. Tax credits are an important economic development tool for this state, but over the years the administration of these programs has become clumsy and inefficient, ultimately lacking in accountability.

One suggestion to be included in our committee's report is that tax credit recipients would have to provide updated information to the state for three years or risk a financial penalty equal to a percentage value of the tax credits, depending on the delay of reporting.

More accountability needs to be built in. Periodic review that is meaningful and has consequences has to happen on these programs.

The Joint Committee on Tax Policy is scheduled to meet again on Monday, Jan. 12, when we will continue to review report and proposed legislation.

Among the other legislative priorities I plan to pursue during the 2004 Legislative Session are improving Medicaid reimbursements to nursing homes, tax reform that will allow our state to have a system that is more equitable and uniform. In addition, I will sponsor legislation to establish a comprehensive children's mental health care service system to reform the Department of Mental Health to ensure efficiency so that individuals that benefit from this agency can receive the best possible care without an overburdensome bureaucracy.

Stayed tuned, because I will continue to provide updates throughout the session, and please do not hesitate to share your input on these important matters as I serve you in the current session. You may contact me at (573) 751-2853, write to me at the State Capitol, Room 221, Jefferson City, MO 65101, or e-mail me at mrgibbons@senate.state.mo.us

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